

Starting over



According to the Australian Bureau of Statistics, around a third of all marriages can be expected to end in divorce. But with a 25% rise in the number of long term de facto relationships over the past 10 years the real impact of relationship breakdowns is much higher than the statistics lead us to believe.

Moving on from any long term relationship, be it marriage or de facto, can attract a heavy emotional toll, but the financial impact can be far reaching and long lasting.

Finances are often left on the backburner as you focus on the emotional health of you and your family. It may also be that this is the first time you have had the sole responsibility for your finances, are overwhelmed and don't know where to start.

The key is to take action early. Here are some steps to get back on track financially after a separation or divorce.

Check your credit rating

A vital first step is taking control of your financial future! Check to see if it contains any errors or if any of your partner's information is listed. If so, have it rectified. There are two main credit reporting agencies, Veda Advantage and Dunn and Bradstreet.

Identify your creditors

Make a list of all your creditors, both secured and unsecured. Your secured creditors are those where an asset is used as security for the loan, eg house or car. Negotiation of both the asset and the underlying loan will be required by both parties.

Separate all joint accounts

A time consuming but crucial step is to unravel all your joint accounts, including credit cards. Even in an amicable separation it is best to separate all accounts to avoid future issues.

Create a budget

An unavoidable result of separation is a change in lifestyle. The first step to adjusting is to make a comprehensive budget separating discretionary and mandatory expenses. To make your new budget work, you may need to make some tough decisions on your discretionary spending.

Decide on your housing options

In nearly all cases the family home is either sold or refinanced. One partner will need to find somewhere new to live and, while renting may be a viable short term option, in the long term most people wish to buy a home. You will need expert advice on how to best refinance your home or how to secure a loan for a new home.

Prepare a financial plan for the future

- Start an emergency fund by opening a high interest saving account for those unexpected emergencies.
- Update your will to reflect the changes that have occurred in your life.
- Manage your debt by talking to an expert about how to reduce your 'bad' debts like credit cards and personal loans as quickly as possible.
- Plan for your retirement.
- Review your insurance needs.



As your mortgage specialist we are here to help you. Please call the office for assistance with budgeting, assessing your home loan options or restructuring your debt. Together we can plan your financial future.